

NONPROFIT EMPLOYMENT IN CALIFORNIA

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Introduction

This working paper has been prepared for the Nonprofit Employment Data Project, operated by the Johns Hopkins University Center for Civil Society Studies. The data in this paper primarily contain estimates of quarterly employment and wages in the second quarter of 2000. They are drawn from the California Employment Development Department's (EDD) Covered Employment and Wages program, funded by the federal Bureau of Labor Statistics, and known as the ES-202 program. The methodology is based on several ways of identifying nonprofit businesses. Limitations of the data require that they be understood as estimates and not as precise measures. In using the ES-202 program to measure employment trends for nonprofit businesses, the likelihood is that the program underestimates employment, and that actual employment figures for nonprofit businesses would be higher if we could identify nonprofit firms more precisely.

Background

The Nonprofit Employment Data Project is attempting to produce data for numerous states in order to demonstrate the growing economic importance of the nonprofit sector. Maryland was the first state in which published data was released, and the findings there showed that nonprofit businesses employed over eight percent of the total workforce in 1998.¹ This figure is consistent with levels found in California.

Findings

The five tables presented in this paper display data in three dimensions—industry, geography, and time. The Standard Industrial Classification (SIC)² code at the two-digit and three-digit levels is used for select industries where nonprofit businesses predominate. In brief, employment and wage data for nonprofit businesses in the second quarter of 2000 indicate that:

1. Nonprofit employment is approximately 7 percent of total unemployment insurance (UI) covered private sector employment. There seems to be a small seasonal variation, with a low in the summer of about 6.9 percent and a high in the winter of over 7.2 percent.³

¹ Lester M. Salamon and Leslie C. Hems, "Maryland's Nonprofit Sector: A Major Economic Force," Maryland Association of Nonprofit Organizations, February 2000.

² The SIC system is the nationally recognized system that is used to categorize industries.

³ There may be as much as 80,000 additional nonprofit employment in non-UI covered businesses, principally religious organizations.

2. The average wage per nonprofit employee statewide is \$7,944, about 23 percent less than the average wage in all industries. Average wages vary widely, from a little over \$5,000 in SIC 79-Amusement and Recreation Services to almost \$12,000 in SIC 87-Engineering and Accounting.
3. The median wage per nonprofit employee statewide is \$4,907, about 62 percent of the average wage. Median wages also vary widely, from a little over \$3,250 in SIC 79-Amusement and Recreation Services to almost \$8,700 in SIC 87-Engineering and Accounting.
4. Average wages in most counties for *single-establishment businesses* is \$7,428, whereas it is almost \$1,300 higher for the larger statewide multi-establishment businesses, which show an average wage of \$8,717.
5. Data over time indicate that the employment increase from January 1999 to January 2000 was almost 3.2 percent, which is probably a little lower than actual, given the methodology,⁴ and slightly lower than total private employment, which grew over 3.3 percent over that same period.

A. Nonprofit Employment

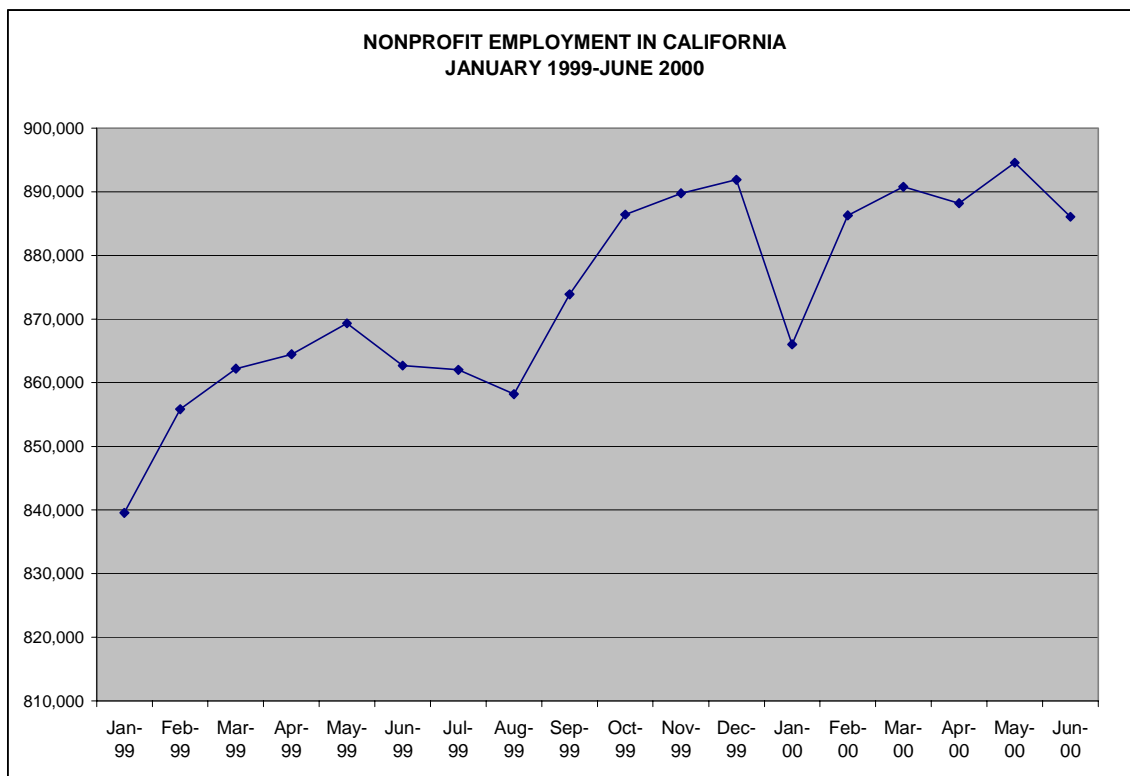
Table 1 presents monthly employment totals for both private sector nonprofit establishments and for all private sector establishments. As was just noted, nonprofit employment averaged around seven percent of statewide private sector employment, with little seasonal variation. Interestingly, while nonprofit establishments accounted for around seven percent of statewide employment, they only comprised 2.4 percent of all private sector establishments. Specifically, there were just over 21,500 nonprofits out of a statewide private sector total of almost 900,000 in the second quarter of 2000. Chart 1 graphically displays nonprofit employment over this 18-month period. (See the Methodology section for a discussion of 2000 employment data).

⁴ See last paragraph in Methodology section at the end of this paper.

TABLE 1
NONPROFIT EMPLOYMENT IN CALIFORNIA

MONTH/YEAR	NONPROFIT EMPLOYMENT	TOTAL PRIVATE SECTOR EMPLOYMENT	NONPROFIT PERCENTAGE OF TOTAL
January 1999	839,542	11,736,600	7.15%
February 1999	855,852	11,814,300	7.24%
March 1999	862,195	11,916,200	7.24%
April 1999	864,474	12,037,000	7.18%
May 1999	869,327	12,201,500	7.12%
June 1999	862,673	12,317,500	7.00%
July 1999	862,016	12,387,500	6.96%
August 1999	858,195	12,441,600	6.90%
September 1999	873,885	12,478,300	7.00%
October 1999	886,407	12,475,800	7.11%
November 1999	889,751	12,466,100	7.14%
December 1999	891,883	12,534,900	7.12%
January 2000	866,024	12,125,300	7.14%
February 2000	886,285	12,259,200	7.23%
March 2000	890,785	12,407,900	7.18%
April 2000	888,198	12,507,600	7.10%
May 2000	894,562	12,675,400	7.06%
June 2000	886,081	12,840,500	6.90%
18 Month Average	873,785	12,312,400	7.10%

CHART 1



B. Nonprofit Employment and Wages by Industry

Table 2 presents nonprofit employment and wage data by major industries. Here there are some wide variations in average quarterly wages,⁵ with Health Services, Legal Services, and Engineering, Accounting, etc. doing much better than the other nonprofit industries. These three industries, however, do have a large number of highly-skilled, highly-educated professionals, especially medical doctors in Health Services, attorneys in Legal Services, and engineers and accountants in Engineering and Accounting. While industries such as Educational Services also have a large number of highly-educated professionals, such as teachers, they are generally not as well paid as medical doctors and attorneys. Also worth noting is the fact that average quarterly wages for all industries (both for-profit and not-for-profit) surpassed that of nonprofits alone by \$1,820, or almost 23 percent.

⁵ See the Limitations section for a discussion of interpreting average quarterly wage data.

TABLE 2
NONPROFIT AVERAGE QUARTERLY EMPLOYMENT AND WAGES
BY INDUSTRY
APRIL-JUNE 2000

SIC	INDUSTRY DESCRIPTION	AVERAGE QUARTERLY EMPLOYMENT	TOTAL QUARTERLY WAGES	AVERAGE QUARTERLY WAGE
79	Amusement and Recreation Services	29,952	\$159,367,231	\$5,321
80	Health Services	331,395	3,191,819,738	9,631
81	Legal Services	3,111	31,745,186	10,205
82	Educational Services	132,802	1,017,303,809	7,660
83	Social Services	183,069	1,002,772,430	5,478
84	Museums, Art Galleries, and Botanical and Zoological Gardens	11,256	76,720,462	6,816
86	Membership Organizations	79,886	459,525,426	5,752
87	Engineering, Accounting, Research, Management, and Related Services	36,583	438,139,069	11,976
88	Private Households	322	1,345,755	4,179
89	Miscellaneous Services	181	968,355	5,360
OTHER*		81,055	686,962,151	8,475
TOTAL		889,614	\$7,066,669,612	\$7,944
ALL		12,674,500	\$123,750,816,747	\$9,764

*Other is all other two-digit SIC nonprofit firms.

Table 3 present comparable data at a more detailed 3-digit SIC level. Noticeable differences appear within both the Health Services and Educational Services industries. For example, SIC 806-Hospitals, where many medical doctors are employed, had a substantially higher average wage (\$10,096) than SIC 808-Home Health Care Services (\$7,294), which provide skilled nursing or medical care in the home under the supervision of a physician. Similarly, a noticeable, but less dramatic, difference appears in Educational Services, where SIC 821-Elementary and Secondary Schools employees earned \$6,866 vs. \$8,369 for SIC 822-Colleges and Universities. Differences here are partly explained by the fact that college and university faculty typically earn more than elementary and secondary school teachers.

TABLE 3
NONPROFIT AVERAGE QUARTERLY EMPLOYMENT AND WAGES
BY 3-DIGIT SIC LEVEL
APRIL-JUNE 2000

SIC	INDUSTRY DESCRIPTION	AVERAGE QUARTERLY EMPLOYMENT	TOTAL QUARTERLY WAGES	AVERAGE QUARTERLY WAGE
805	Nursing and Personal Care Facilities	14,317	\$82,420,242	\$5,757
806	Hospitals	271,907	2,745,063,138	10,096
808	Home Health Care Services	5,502	40,133,061	7,294
821	Elementary and Secondary Schools	40,481	277,925,022	6,866
822	Colleges and Universities	79,421	664,649,214	8,369
823	Libraries	547	3,781,261	6,913
832	Individual and Family Services	64,029	370,664,222	5,789
833	Job Training and Related Services	28,631	121,612,628	4,248
835	Child Daycare Services	21,304	103,443,175	4,856
836	Residential Care	43,990	244,416,515	5,556
TOTAL		570,129	\$4,654,108,478	\$8,163

Table 4 presents this same data at the county level, but without any major industry breakout.

TABLE 4
NONPROFIT AVERAGE QUARTERLY EMPLOYMENT AND WAGES
BY COUNTY
APRIL-JUNE 2000

COUNTY	AVERAGE QUARTERLY EMPLOYMENT	TOTAL QUARTERLY WAGES	AVERAGE QUARTERLY WAGE
Alameda	28,152	\$217,936,019	\$7,741
Alpine	11	46,600	4,112
Amador	497	3,460,530	6,958
Butte	4,943	27,383,318	5,539
Calaveras	142	607,925	4,281
Colusa	*	*	*
Contra Costa	12,685	102,289,868	8,064
Del Norte	567	3,634,783	6,414
El Dorado	2,588	18,172,977	7,023
Fresno	11,432	69,879,104	6,113
Glenn	211	1,223,082	5,797
Humboldt	3,068	15,819,817	5,156
Imperial	773	2,579,378	3,337
Inyo	235	1,169,799	4,978
Kern	7,124	42,904,226	6,022
Kings	1,339	10,250,518	7,653
Lake	1,085	8,043,265	7,415
Lassen	447	2,830,803	6,328
Los Angeles	160,295	1,267,992,704	7,910
Madera	691	2,997,968	4,341
Marin	8,112	61,281,369	7,554
Mariposa	106	414,565	3,911
Mendocino	1,168	4,691,608	4,017
Merced	2,558	16,238,472	6,347
Modoc	202	1,119,404	5,542
Mono	18	83,058	4,701
Monterey	4,484	31,044,484	6,923
Napa	3,220	24,532,262	7,620
Nevada	1,528	12,647,861	8,276
Orange	28,524	203,800,918	7,145
Placer	1,695	8,236,633	4,858
Plumas	334	1,721,747	5,150
Riverside	11,650	63,222,978	5,427

COUNTY	AVERAGE QUARTERLY EMPLOYMENT	TOTAL QUARTERLY WAGES	AVERAGE QUARTERLY WAGE
Sacramento	17,818	143,577,649	8,058
San Benito	138	668,326	4,831
San Bernardino	22,644	172,478,430	7,617
San Diego	40,148	281,442,840	7,010
San Francisco	34,480	284,142,310	8,241
San Joaquin	7,922	57,974,361	7,318
San Luis Obispo	4,010	14,751,486	3,678
San Mateo	9,135	83,997,714	9,195
Santa Barbara	9,080	62,265,920	6,858
Santa Clara	32,842	289,072,072	8,802
Santa Cruz	5,422	33,327,863	6,147
Shasta	1,964	9,525,679	4,850
Sierra	49	208,588	4,286
Siskiyou	818	3,861,359	4,720
Solano	2,843	15,187,887	5,343
Sonoma	8,837	58,562,123	6,627
Stanislaus	6,350	38,766,661	6,105
Sutter	1,063	6,851,152	6,443
Tehama	376	1,167,340	3,102
Trinity	73	321,742	4,387
Tulare	3,100	16,286,950	5,253
Tuolumne	421	2,031,484	4,825
Ventura	6,773	33,692,523	4,975
Yolo	2,276	13,243,599	5,818
Yuba	*	*	*
Multi-Sites**	365,527	3,186,225,453	8,717
Other***	5,620	28,780,058	5,121
Total	889,614	\$7,066,669,612	\$7,944
All Industries	12,674,500	\$123,750,816,747	\$9,764

*Data suppressed for confidentiality reasons.

**Businesses with multiple sites, both within a county and across counties.

County totals in this table are for single-establishment businesses.

***Other includes out-of-state, foreign, or location unknown.

Curiously, only six counties showed a higher average wage than the statewide average. All six are located in Northern California, with four of the six (Contra Costa, San Francisco, San Mateo, and Santa Clara) located in the San Francisco Bay Area, typically the highest paying region in California. In addition, Multi-Site

establishments (e.g., banks with multiple branches), which comprised over 40 percent of nonprofit employment, paid more than the state average.

Methodology

Data contained in this report are derived from private sector employers covered by California's UI laws. They are a product of a Federal-State cooperative program known as the Covered Employment and Wages, or ES-202 program. The ES-202 program accounts for approximately 97 percent of all wage and salary civilian employment (the program does not cover self-employed and family workers). The principal exclusions from ES-202 are: railroad workers, religious organization employees, and students. In terms of nonprofit employment, the exclusion of religious organizations is the most significant.

Employment is the number of filled jobs for the pay period that includes the 12th day of each month as reported by the employer and it includes full and part-time workers. If a person holds two jobs, that person would be counted twice in these data. Wages include bonuses, stock options, the cash value of meals and lodging, tips and other gratuities.

The average employment data in this report are not the official estimates from the EDD. Instead, they constitute a "snapshot" of wage and salary employment for the specific quarters presented. As "snapshots," these data are not designed to represent a time-series of employment data.

The employment data for nonprofit organizations are isolated from for-profit organizations by using state records on tax exempt organizations, including, but not limited to, so-called 501(c)(3) organizations registered with the State of California for purposes of tracking exemption from federal unemployment taxes. This encompasses private, not-for-profit universities, schools, hospitals, clinics, social service agencies, day care centers, orchestras, symphonies, museums, art galleries, theaters, homeless shelters, soup kitchens, and many more.

There are some nonprofits firms who are not captured in this report. These include firms that were commercial organizations in 1999, but became nonprofits in 2000. Unfortunately, the databases that were used to generate first and second quarter 2000 data did not have updated 2000 employer status information. Also, there may be a significant number of multiple establishment commercial firms that have nonprofit subsidiaries; however, these nonprofit subsidiaries would not be identified as such in EDD records. On the other hand, there may be some multiple establishment nonprofit firms that have commercial subsidiaries. The precise number of uncaptured nonprofit firms is unknown.

Limitations

Average quarterly data in this report are based on the arithmetic mean. The arithmetic mean, however, can produce unrepresentative results because they can be skewed by extreme figures at the high and low ends. For example, four individuals could each earn \$10,000 in a quarter and a fifth individual could earn \$110,000 in the same quarter. The quarterly arithmetic mean for all five individuals would be \$30,000. Thus, in this example, one individual's result grossly distorted the mean for all five and makes the mean an unrepresentative indicator of earnings. To counteract this distortion, and to test whether mean differences between groups are statistically significant, i.e., not the result of chance, various statistical techniques such as frequency distributions and medians must be run. To illustrate this point, Table 5 lists both the arithmetic mean and the median (or middlemost score) from the wage results in Table 2. The reader should keep these limitations in mind in interpreting the data in this report.

TABLE 5
AVERAGE VS. MEDIAN QUARTERLY WAGES
APRIL-JUNE 2000

SIC	INDUSTRY DESCRIPTION	AVERAGE QUARTERLY WAGE	MEDIAN QUARTERLY WAGE	MEDIAN % OF AVERAGE
79	Amusement and Recreation Services	\$5,321	\$3,264	61.3%
80	Health Services	9,631	6,802	70.6%
81	Legal Services	10,205	8,497	83.3%
82	Educational Services	7,660	5,483	71.6%
83	Social Services	5,478	4,854	88.6%
84	Museums, Art Galleries, and Botanical and Zoological Gardens	6,816	4,846	71.1%
86	Membership Organizations	5,752	4,146	72.1%
87	Engineering, Accounting, Research, Management, and Related Services	11,976	8,669	72.4%
88	Private Households	4,179	3,250	77.8%
89	Miscellaneous Services	5,360	3,826	71.4%
TOTAL		\$7,944	\$4,907	61.8%